



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

April 29, 2004

CERTIFIED RETURN RECEIPT
7099 3400 0016 8895 5675

Bryce Haas
B & H Stone Supply
331 East 200 South
Lindon, Utah 84042

Subject: Results of Meeting to Appeal Division Directive and Withdrawal of
Tentative Approval to Amend Large Mining Operations, Bryce Haas, B &
C Limestone Mine, M/039/013, Sanpete County, Utah

Dear Mr. Haas:

On April 7, 2004, you met with Division Staff to discuss the March 31, 2004 Division Directive and Withdrawal of Tentative Approval. Those in attendance included yourself and Jill Jensen from B & H Stone, MaryAnn Wright, Wayne Hedberg and Lynn Kunzler from the Division.

Lynn gave a brief update as to why this action was being taken. Subsequently, you were given the opportunity to explain your financial situation and status of your operations. A proposed alternative to posting the full reclamation surety at this time was discussed. In summary, it would involve conducting immediate reclamation of a portion of the disturbed area (approximately 12.6 acres as identified during the March 31, 2004 site inspection), which would reduce the overall reclamation and bonding liability.

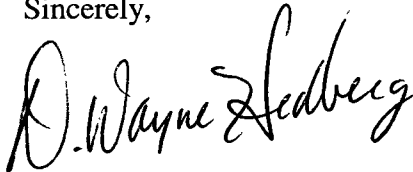
The Division has recalculated the reclamation surety, based on completing the reclamation of the 12.6 acres (copy attached). The revised surety after completing the reclamation would be \$42,500.00. Currently, you have a \$36,000.00 transitional surety filed with the Division. The \$6500.00 deficit in surety amount would be handled by making four quarterly payments of \$1625.00 to achieve the full \$42,500.00.

Based on this proposal, the Division has prepared the attached Transitional Reclamation Contract. If you concur with its content, please accept this contract by signing the appropriate pages and return it to the Division by May 14, 2004.

Bryce Haas
Page 2 of 2
M/039/013
April 29, 2004

Thank you for your cooperation and immediate attention to this matter. Should you have any questions or concerns with the requirements outlined in the agreement, please contact me, Wayne Hedberg or Lynn Kunzler of my staff, at your earliest convenience.

Sincerely,


for MaryAnn Wright
Associate Director, Mining

DWH:LK:jb

Attachment: Revised Surety Calculation
Reclamation Agreement

cc: John Blake, SITLA w/attachments

P:\GROUPS\MINERALS\WP\M039-Sanpete\m0390013-b&climestone\final\letter-04292004.doc

FORM MR-TRC
RECLAMATION CONTRACT
(SMO - LMO transition)
(Revised April 17, 2001)

DOGM File Number M/039/13

Effective Date _____

Other Agency File Number ML 48313-MP

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

TRANSITIONAL RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/039/013
(Mineral Mined) Limestone

"MINE LOCATION":
(Name of Mine) B & C Limestone Quarry
(Description) 1.1 mile south of Fayette, Utah

"DISTURBED AREA":
(Disturbed Acres) 24.41 acres
(Legal Description) (refer to "Attachment A")
(Topographic Map) ("Attachment C", disturbed area boundary)

"OPERATOR":
(Company or Name) Bryce H. Haas
(Address) 331 E 200 S
Lindon, UT 84042
(Phone) quarry: (435) 528-5342
home: (801) 796-6207

"OPERATOR'S REGISTERED AGENT":
(Name) Bryce H. Haas
(Address) 331 E 200 S
Lindon, UT 84042
(Phone) quarry: (435) 528-5342
home: (801) 796-6207

OPERATOR'S OFFICER(S)":

_Bryce H. Haas - owner_____

"SURETY":

(Form of Surety - Attachment B)

_Letter of Credit_____

"SURETY COMPANY" (Name)

(Policy or Acct. No.)

_Far West Bank_____

_#_____

"SURETY AMOUNT":

_\$36,000.00_____

"STATE":

_State of Utah_____

"DIVISION":

_Division of Oil, Gas and Mining_____

"BOARD":

_Board of Oil, Gas and Mining_____

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

C "CONTEMPORANEOUS RECLAMATION AGREEMENT".

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Bryce H. Haas the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division"). A Reclamation Contract is required under Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules.

WHEREAS, Operator has exceeded the approved five (5) acre threshold for a small mining operation, R647-3-113, and Operator desires to continue mining operations for an "interim" period of not more than 12 months, upon areas already disturbed totaling 24.41 acres. Within 90 days of the filing of this contract and reclamation surety, the operator agrees to file a complete Notice of Intention to Commence Large Mining Operations (Form MR-LMO) describing a detailed mining and reclamation plan for continued operations at this site. An approved Large Mining Notice of Intention must be in place at the end of a 12 month time period following Division receipt of this contract. Any extension of this filing time period will be in writing and at the sole discretion of the Division.

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. The approved form and amount of surety is attached hereto as Attachment B

and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Division in writing. If the form of surety expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the surety, the Operator shall provide a replacement surety in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement surety, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.

3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules including but not limited to, the previously accepted Small Mining Notice, as amended, **including the requirements as outlined in "Attachment C"**.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies 1) that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, and the previously accepted Small Mining Notice, as amended , or 2) until a mining and reclamation plan for a large mining operation has been approved by the Division and the final Reclamation Contract and surety are in place.
6. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
7. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
8. This Contract shall be governed and construed in accordance with the laws of the State of Utah, and is in addition to any other rights and authorities the Division and Board have to seek relief from the Operator.
9. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
10. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an Order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an Order to revoke the Small Mining

Notice of Intention, order reclamation, or order forfeiture of the surety, or take such other action as is authorized by law.

11. In the event of forfeiture of the surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract including the Small Mining Notice of Intention, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Operator Name

By: _____
Authorized Officer (Typed or Printed)

Authorized Officer - Position

Officer=s Signature

Date

STATE OF _____)
COUNTY OF _____) \$s:

On the _____ day of _____, 20 ____, _____
personally appeared before me, who being by me duly sworn did say that he/she is the
_____ of _____ and duly
acknowledged that said instrument was signed on behalf of said company by authority of its
bylaws or a resolution of its board of directors and said _____
duly acknowledged to me that said company executed the same.

Notary Public
Residing at _____

My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By _____
Lowell P. Braxton, Director

Date

STATE OF _____)
_____) ss:
COUNTY OF _____)

On the ____ day of _____, 20 ____, _____
personally appeared before me, who being duly sworn did say that he, the said
_____ is the Director of the Division of Oil,
Gas and Mining, Department of Natural Resources, State of Utah, and he duly acknowledged to
me that he executed the foregoing document by authority of law on behalf of the State of Utah.

Notary Public

Residing at: _____

My Commission Expires:

ATTACHMENT "A"

Operator

Mine Name

Permit Number

County, Utah

LEGAL DESCRIPTION

Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands disturbed is:

ATTACHMENT C

CONTEMPORANEOUS RECLAMATION AGREEMENT

Whereas Bryce Haas, dba B & H Stone Supply, is currently operating the B & H Limestone Quarry, permit # M/039/013, without adequate reclamation surety; and

Whereas Mr. Haas is willing to reclaim a portion of the existing quarry to reduce the reclamation liability; and

Whereas the Division is willing to work with Mr. Haas to resolve the surety deficit that currently exists for the B & H Limestone Quarry; the following reclamation plan is hereby agreed to and accepted.

Agreed:

- 1 - B & H Stone will immediately commence reclamation activities on the 12.6 -acre parcel, as identified during the March 31, 2004 inspection (map provided during the April 7, 2004 meeting).
- 2 - Regrading of this area will be completed by July 7, 2004.
- 3 - Topsoil (or other suitable plant growth medium) will be replaced and spread at an average six inch depth, as per the reclamation plan, beginning after October 1, 2004 and will be completed by October 31, 2004.
- 4 - The 12.6 acres will be seeded with the approved seed mix after October 20, 2004 and before November 15, 2004.
- 5 - Reclamation surety requirement for the B & H Limestone Quarry will be reduced to \$42,500.00 after the reclamation work outlined is completed.
- 6 - Since the Division currently holds \$36,000.00 reclamation surety, B & H Stone will need to provide an additional \$6,500.00 according to the following schedule:
 - on or before August 1, 2004, submit an additional \$1,625.00,
 - on or before November 1, 2004 submit an additional \$1,625.00,
 - on or before February 1, 2005 submit an additional \$1,625.00, and
 - on or before May 1, 2005 submit an additional 1,625.00.
- 7 - Upon completion of the concurrent reclamation, the operator agrees to provide an updated mine development and disturbed area map, showing the reclaimed areas and the disturbed acreage to remain under the reclamation bond.
- 8 - Upon completion of the requirements as outlined under this agreement, the Division will issue its final permit approval for this site.

Hereby accepted and agreed to this _____ day of _____, 2004

Bryce Haas, President
B & H Stone Supply

Date: _____

Lowell Braxton, Director
Utah Division of Oil Gas and Mining

Date: _____